

Board of County Commissioners

Agenda Request

Date of Meeting: July 27, 2004
Date Submitted: July 21, 2004

To: Honorable Chairman and Members of the Board

From: Parwez Alam, County Administrator
Vincent Long, Assistant County Administrator

Subject: Approval of a Resolution Supporting the Southeast Corporate Federal Credit Union as a "Qualified Targeted Industry" Applicant and Approving the Required Local Match for up to \$12,000.

Statement of Issue:

This agenda item requests that the Board approve a resolution supporting the Southeast Corporate Federal Credit Union as a "Qualified Targeted Industry (QTI)" applicant and approval of a local match of \$12,000, as required under the state's QTI Tax Refund Program (Attachment #1).

Background:

The state's QTI tax refund incentive program is available to companies that create high wage jobs in targeted high value-added industries. The program includes refunds on corporate income, sales, ad valorem and certain other taxes for pre-approved applicants who create these targeted jobs at a level of \$3,000 per net new job created. A local match of 20% is required from the local community where the job creation is occurring. Applications to the state for this program are processed by the Office of Tourism, Trade and Economic Development (OTTED) for approval (Attachment #2).

Over each of the past six years, the Board of County Commissioners has approved annual expenditures of \$25,000, for future use on the QTI program, as part of their contract with the Economic Development Council (EDC). The EDC currently has approximately \$150,000 set aside in their reserve QTI account, for use on behalf of the County in attracting new high-paying jobs.

Analysis:

The Southeast Corporate Federal Credit Union (Southeast Corporate) is in the final stages of preparing their QTI application, in coordination with the EDC. Southeast Corporate proposes to expand their workforce at their Tallahassee-based national headquarters by creating 40 new, high-paying jobs by the end of 2006. Each of these jobs would have an average wage of over \$33,298 and would qualify for tax refunds under the state's QTI program, totaling \$120,000.

The local match for Southeast Corporate's application is \$24,000 and is required for the state's approval of the QTI application. This match amount will be split evenly between the City and the County at \$12,000 each. The attached Resolution clarifies that the County supports this QTI application and is willing to commit their share of the local match based on the creation of these 40 new jobs, both of which are requirements under the state's QTI program. City of Tallahassee action on approving their \$12,000 portion of the local match is anticipated to occur during their normally scheduled commission meeting in August.

Agenda Request: Request to Approve a Resolution Supporting the Southeast Corporate Federal Credit Union as a "Qualified Target Industry" Applicant and Approving the Local Match.
July 27, 2004
Page 2

Tax refund payments, including the local match portion, will not be made until Southeast Corporate proves that these new jobs have been created. This verification will be performed each year by the Executive Office of the Governor and OTTED. Should Southeast Corporate fail to create all 40 new targeted jobs according to the annual program requirements and timeframes established in the application, the annual tax refund payments (benefits) to the company would be adjusted downward, accordingly, based on performance.

The attached resolution establishes the Board's formal support of Southeast Corporate's QTI application, their approval of a local match of up to \$12,000 over the next five years (based on performance in creating new jobs), and their direction that these "Leon County" local match dollars shall be taken from the QTI account that the EDC has established on behalf of the Board in accordance with their annual contract with the Board (Attachment #1).

Staff and the EDC both recommend that the Board approve this resolution at this time, thereby enabling Southeast Corporate to submit their application to OTTED (Option #1).

Options:

1. Approve the Resolution supporting the Southeast Corporate Federal Credit Union as a "Qualified Targeted Industry (QTI)" applicant, approval of the required local match of \$12,000, as required under the state's QTI Tax Refund Program, and direction that this match shall be paid from the EDC reserved Leon County QTI account based on the company's performance in creating these new targeted jobs.
2. Do not approve the Resolution.
3. Board direction.

Recommendation:
Option #1

Attachments:

1. Resolution 04-XX: Supporting the Southeast Corporate Federal Credit Union as a Qualified Targeted Industry applicant.
2. Additional information on the State of Florida's Qualified Targeted Industry Tax Refund Program.